

**Date:** October 9, 2015  
**To:** Thomas J. Bonfield, City Manager  
**Through:** William B. Ferguson, Deputy City Manager  
**From:** Donald F. Greeley, Director, Water Management  
Martha Zeigler, Utility Finance Manager

**Subject:** Proposed Updates to Fee Schedule for Hydrant Meter Deposits

### **Executive Summary**

The City established procedures and policies regarding the usage and metering of fire hydrants for bulk purchase of water by any person(s), firm, or corporation as authorized under Sections 70-23 and 70-49 of the City Ordinance. The City places a meter and appropriate backflow prevention device on the fire hydrant for customer use. The current deposits were established in 2012 and did not consider the cost of the backflow preventer and auxiliary parts needed. The proposed deposits are reflective of the City's current cost of replacing the meter and backflow.

### **Recommendation**

The department recommends that the City Council adopt an ordinance amending Chapter 15, Part 15-120 (Hydrant Meter Deposits and Rental Rates) of the City's Fee Schedule with an effective date of December 1, 2015.

### **Background**

The City established procedures and policies regarding the usage and metering of fire hydrants for bulk purchase of water by any person(s), firm, or corporation as authorized under Sections 70-23 and 70-49 of the City Ordinance. Section 70-23 of the Ordinance provides that the City shall establish policies regarding use of fire hydrants by persons desiring to use water from hydrants for construction or other purposes. Section 70-23 of the Ordinance provides that the City shall require a deposit for the temporary use of water from fire hydrants. The City places a meter and appropriate backflow prevention device on the fire hydrant for customer use. Departmental meter staff read the meters on a set monthly cycle or at the end of the usage period, whichever comes first.

As part of the periodic process to obtain current quotes for water and sewer maintenance inventory, the new hydrant meter coordinator noted that in addition to needing to increase the deposit to cover annual increases in the cost of the meters, that the cost of the backflow preventer and connecting equipment was not included in the deposit established in 2012. The fee schedule should be updated to reflect current cost of equipment replacement in the event of loss by the customer or damage beyond repair.

### **Issues/Analysis**

The City has a policy of charging customers to recover costs. Staff has analyzed the cost of replacement materials for such equipment. Good business practices include periodic review of fees to assure adequate cost recovery.

The Department recommends that the City Council adopt an ordinance amending Chapter 15, Part 15-120 (Hydrant Meter Deposits and Rental Rates) of the City's Fee Schedule with an effective date of December 1, 2015 as follows.

Deposits for Hydrant Meters:

| Size of Meter | Deposit Amount |
|---------------|----------------|
| 5/8"          | \$ 600         |
| 3"            | \$3,700        |

**Alternatives**

Make no changes to current policy and fees – This would preclude the City from recovering the cost to replace equipment that has been lost or damaged beyond repair.

**Financial Impacts**

The proposed fee schedule is reflective of the City's current cost of service. The City has a policy of charging customers to recover costs. Staff has obtained quotes for the cost of materials for such equipment. Good business practices include periodic review of fees to assure adequate cost recovery.

There will be no negative impact on the City if hydrant meter deposits reflect the full cost of replacement. There may be negative impacts if the City does not recover adequate funds from customers to restore meter inventory.

**SDBE Summary:**

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.

**Attachments**

Ordinance amending Chapter 15, Part 15-120